



DOCKET FILE COPY ORIGINAL

October 4, 2013

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Received & Inspected
OCT 24 2013
FCC Mail Room

Received & Inspected
OCT 14 2013
FCC Mail Room

Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208*

Dear Ms. Dortch:

On behalf of Alliance Communications Cooperative, Inc.-Baltic (SAC 391642), please find enclosed one copy of FCC Form 481, containing Confidential Financial Information and two copies of Alliance Communications Cooperative, Inc.-Baltic (SAC 391642)'s FCC Form 481, containing Confidential Financial Information in redacted form.

Please do not hesitate to contact me at (605) 594-8228 if you have any questions regarding this submission.

Respectfully submitted,

A handwritten signature in cursive script, reading 'Kari J. Flanagan'.

Kari J. Flanagan
CFO

Alliance Communications Cooperative, Inc.-Baltic (SAC 391642)

No. of Copies rec'd 0+1
List ABCDE

Speak and you'll be heard.

Received & Inspected
JUL 24 2013
FCC Mail Room

	2013 Completion Required	2014 Completion Required
ANNUAL REPORTING FOR ALL CARRIERS		

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

Rate of Return Carriers, Proceed to ROR Additional Documentation WorksheetPage 1

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	391642
<015>	Study Area Name	BALTIC TELECOM COOP.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>
<114>	Report how much universal service (USF) support was received	<input type="checkbox"/>
<115>	How (USF) was used to improve service quality	<input type="checkbox"/>
<116>	How (USF) was used to improve service coverage	<input type="checkbox"/>
<117>	How (USF) was used to improve service capacity	<input type="checkbox"/>
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input type="checkbox"/>

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

<010>	Study Area Code	391642
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjplanagan@alliancecom.net

[illegible]

<701>	Residential Local Service Charge Effective Date	1/1/2013
<702>	Single State-wide Residential Local Service Charge	

[illegible]

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjplanagan@alliancecom.net

[illegible]

(000) Operating Companies Data Collection Form	ICC Form #1 OMB Control No. 3045-0086 / OMB Control No. 3045-0085 July 2010
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<010>	Study Area Code	391642
<015>	Study Area Name	BALTIC TELECOM COOP.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Keri Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net
<810>	Reporting Carrier	Alliance Communications Cooperative, Inc.-Baltic
<811>	Holding Company	
<812>	Operating Company	Alliance Communications Cooperative, Inc.

[illegible]

(900) Tribal Lands Reporting Data Collection Form		FCC Form 421 OMB Control No. 3060-0096/OMB Control No. 3060-0043 July 2013
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<010>	Study Area Code	391642
<015>	Study Area Name	BALTIC TELECOM COOP.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

1100 No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 821 OMB Control No. 3060-0086/OMB Control No. 3060-0086 July 2012
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<010>	Study Area Code	391642
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

Please check this box to confirm no terrestrial backhaul
 options exist within the supported area pursuant to § 54.313(G)

☐

Please check this box to confirm the reporting carrier offers
 broadband service of at least 1 Mbps downstream and 256 kbps
 upstream within the supported area pursuant to § 54.313(G)

☐

1200 Terms and Condition for Lifeline Customers Lifeline Data Collection Form		FCC Form 485 OMB Control No. 3060-0055/OMB Control No. 3060-0050 July 2013
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<010>	Study Area Code	391642
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans 391642ed1210

Name of attached document (.pdf)

<1220> Link to Public Website HTTP

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2009) Price Cap Carrier Additional Documentation		Form 481
Price Cap Carrier Name		CHP Control No. 1000-4800001 Control No. 1000000000
Including New or Return Carriers Affiliated with Price Cap Local Exchange Carriers		July 2013

<010>	Study Area Code	391642
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	

Name of Attached Document Listing Required Information _____

10/01/2013 Study Area Code: 391642 Study Area Name: BALTIC TELECOM COOP. Program Year: 2014 Contact Name - Person USAC should contact regarding this data: Kari Flanagan Contact Telephone Number - Number of person identified in data line <030>: 605-594-8228 Contact Email Address - Email Address of person identified in data line <030>: kari.flanagan@alliancecom.net	FIC Form 312 FIC Form 312 - 10/01/2013 FIC Form 312 - 10/01/2013 FIC Form 312 - 10/01/2013
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<010> Study Area Code	391642
<015> Study Area Name	BALTIC TELECOM COOP.
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kari.flanagan@alliancecom.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010) Milestone Certification [47 CFR § 54.313(f)(1)(i)] Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(i), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3012) Community Anchor Institutions [47 CFR § 54.313(f)(1)(i)]	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No)
(3013) Is your company a Privately Held ROR Carrier [47 CFR § 54.313(f)(2)]		<input checked="" type="checkbox"/> (Yes/No)
(3014) If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		<input checked="" type="checkbox"/>
(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	391642#d3017
(3018) If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/> (Yes/No)
(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,		<input type="checkbox"/>
(3022) Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3023) Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026) Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

Certification - Reporting Carrier		USAC Form 1001
Data Collection Form		USAC Control No. 30421995/0001 Control No. 30421995/0001

<010>	Study Area Code	391642
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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	BALTIC TELECOM COOP.
Signature of Authorized Officer:	CERTIFIED ONLINE Date 10/04/2013
Printed name of Authorized Officer:	Kari Flanagan
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	605-594-8228
Study Area Code of Reporting Carrier:	391642 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form		FCC Form 483 OMB Control No. 3045-0047/0148 Communications Act of 1934 July 2013
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<010>	Study Area Code	391642
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	605-594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(200) Service Outage
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net
<220>		

[illegible]

<010>	Study Area Code	391642
<015>	Study Area Name	BALTIC TELECOM COOP.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari Planagan
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<810>	Reporting Carrier	Alliance Communications Cooperative, Inc.-Baltic
<811>	Holding Company	
<812>	Operating Company	Alliance Communications Cooperative, Inc.

10/04/2013

**ALLIANCE COMMUNICATIONS COOPERATIVE, INC.-SD & IA
SA- 391642, 391657, 351405, 391405**

**Certification of Compliance with Applicable Service Quality Standards and
Consumer Protection Rules**

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during normal business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

SAC: 391657, 391642, 351405, 391405

States: IA and SD

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 610 Description of Functionality in Emergency Situations

Alliance Communications Cooperative, Inc. has:

- Established reasonable provisions' to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
 - A minimum of four hours of battery service in each central office.
 - A permanently installed power unit in exchanges exceeding 5000 lines.
 - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.

- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.

ALLIANCE COMMUNICATIONS COOPERATIVE, INC.

Lifeline Terms and Conditions

Alliance Communications Cooperative, Inc. offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
 Federal Public Housing Assistance (Section 8)
 Supplemental Nutrition Assistance Program (SNAP)
 Medicaid
 National School Lunch Program's Free Lunch Program
 Supplemental Security Income (SSI)
 Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Tribal Eligibility

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Alliance Communications Cooperative, Inc.'s Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Alliance Communications Cooperative, Inc.'s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Alliance Communications Cooperative, Inc.. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
BALANCE	END OF PERIOD	BALANCE	END OF PERIOD
CURRENT ASSETS		CURRENT LIABILITIES	
1. Cash and Equivalents		25. Accounts Payable	
2. Cash-RUS Construction Fund		26. Notes Payable	
3. Affiliates:		27. Advance Billings and Payments	
a. Telecom, Accounts Receivable		28. Customer Deposits	
b. Other Accounts Receivable		29. Current Mat. L/T Debt	
c. Notes Receivable		30. Current Mat. L/T Debt-Rur. Dev.	
4. Non-Affiliates:		31. Current Mat.-Capital Leases	
a. Telecom, Accounts Receivable		32. Income Taxes Accrued	
b. Other Accounts Receivable		33. Other Taxes Accrued	
c. Notes Receivable		34. Other Current Liabilities	
5. Interest and Dividends Receivable		35. Total Current Liabilities (25 thru 34)	
6. Material-Regulated		LONG-TERM DEBT	
7. Material-Nonregulated		36. Funded Debt-RUS Notes	
8. Prepayments		37. Funded Debt-RTB Notes	
9. Other Current Assets		38. Funded Debt-FFB Notes	
10. Total Current Assets (1 Thru 9)		39. Funded Debt-Other	
NONCURRENT ASSETS		40. Funded Debt-Rural Develop. Loan	
11. Investment in Affiliated Companies		41. Premium (Discount) on L/T Debt	
a. Rural Development		42. Reacquired Debt	
b. Nonrural Development		43. Obligations Under Capital Lease	
12. Other Investments		44. Adv. From Affiliated Companies	
a. Rural Development		45. Other Long-Term Debt	
b. Nonrural Development		46. Total Long-Term Debt (36 thru 45)	
13. Nonregulated Investments		OTHER LIAB. & DEF. CREDITS	
14. Other Noncurrent Assets		47. Other Long-Term Liabilities	
15. Deferred Charges		48. Other Deferred Credits	
16. Jurisdictional Differences		49. Other Jurisdictional Differences	
17. Total Noncurrent Assets (11 thru 16)		50. Total Other Liabilities and Deferred Credits (47 thru 49)	
PLANT, PROPERTY, AND EQUIPMENT		EQUITY	
18. Telecom, Plant-in-Service		51. Cap. Stock Outstanding, & Subscribed	
19. Property Held for Future Use		52. Additional Paid-in-Capital	
20. Plant Under Construction		53. Treasury Stock	
21. Plant Adj., Nonop. Plant & Goodwill		54. Membership and Cap. Certificates	
22. Less Accumulated Depreciation		55. Other Capital	
23. Net Plant (18 thru 21 less 22)		56. Patronage Capital Credits	
24. TOTAL ASSETS (10+17+23)		57. Retained Earnings or Margins	
		58. Total Equity (51 thru 57)	
		59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS- See RUS Bulletin 1744-2</p>	<p>PERIOD ENDING</p> <p>December, 2012</p>

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0526

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Garretson, SD							
Baltic, SD							
East Hudson, IA							
Crooks, SD							
Hudson, SD							
Brandon, SD							
Alcester, SD							
East Garretson, MN							
Lester, MN							
East Valley Springs, MN							
Steen, MN							
Hills, MN							
N Larchwood, SD							
Valley Springs, SD							
Alvord, IA							
Larchwood, IA							
Lester, IA							
Inwood, IA							
S Valley Springs, IA							
S Steen, IA							
S Hills, IA							
Oldham/Ramona, SD							
Howard, SD							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

<p style="text-align: center;">USDA-RUS</p> <p style="text-align: center;">OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p style="text-align: center;">INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION SD0526</p> <p>PERIOD ENDED December, 2012</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Garretson, SD								
Baltic, SD								
East Hudson, IA								
Crooks, SD								
Hudson, SD								
Brandon, SD								
Alcester, SD								
East Garretson, MN								
Lester, MN								
East Valley Springs, MN								
Steen, MN								
Hills, MN								
N Larchwood, SD								
Valley Springs, SD								
Alvord, IA								
Larchwood, IA								
Lester, IA								
Inwood, IA								
S Valley Springs, IA								
S Steen, IA								
S Hills, IA								
Oldham/Ramona, SD								
Howard, SD								
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0526 PERIOD ENDING December, 2012
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
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PART E. TOLL DATA

1. Study Area ID Code(s) a. 351405 b. 361405 c. 391405 d. 391642 e. 391657 f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) <table style="width: 100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>	Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0526
	PERIOD ENDING December, 2012

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒ YES ☐ NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION SD0526	
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2012	
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		[REDACTED]	
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income		[REDACTED]	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3. Add: Depreciation		[REDACTED]	
4. Add: Amortization		[REDACTED]	
5. Other (Explain) [REDACTED]		[REDACTED]	
<i>Changes in Operating Assets and Liabilities</i>			
6. Decrease/(Increase) in Accounts Receivable		[REDACTED]	
7. Decrease/(Increase) in Materials and Inventory		[REDACTED]	
8. Decrease/(Increase) in Prepayments and Deferred Charges		[REDACTED]	
9. Decrease/(Increase) in Other Current Assets		[REDACTED]	
10. Increase/(Decrease) in Accounts Payable		[REDACTED]	
11. Increase/(Decrease) in Advance Billings & Payments		[REDACTED]	
12. Increase/(Decrease) in Other Current Liabilities		[REDACTED]	
13. Net Cash Provided/(Used) by Operations		[REDACTED]	
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable		[REDACTED]	
15. Increase/(Decrease) in Notes Payable		[REDACTED]	
16. Increase/(Decrease) in Customer Deposits		[REDACTED]	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		[REDACTED]	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		[REDACTED]	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		[REDACTED]	
20. Less: Payment of Dividends		[REDACTED]	
21. Less: Patronage Capital Credits Retired		[REDACTED]	
22. Other (Explain) [REDACTED]		[REDACTED]	
23. Net Cash Provided/(Used) by Financing Activities		[REDACTED]	
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)		[REDACTED]	
25. Other Long-Term Investments		[REDACTED]	
26. Other Noncurrent Assets & Jurisdictional Differences		[REDACTED]	
27. Other (Explain) [REDACTED]		[REDACTED]	
28. Net Cash Provided/(Used) by Investing Activities		[REDACTED]	
29. Net Increase/(Decrease) in Cash		[REDACTED]	
30. Ending Cash		[REDACTED]	

Revision Date 2010

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2012</p>
<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	
<p>On 1/1/2012, Alliance Communications Cooperative, Inc. (SD526) merged with its subsidiary companies, Hills Telephone Company, Inc. (MN583) and Splitrock Properties, Inc. (not an RUS borrower). Due to this merger, a request was sent to RUS to consolidate the borrower status and records of the two loan designees. This process has since been completed. The financial statement presented for 2012 is that of the merged company with all exchanges for the two subsidiaries included in this report.</p> <p>No report will be filed for 2012 for discontinued RUS (MN583) borrower Hills Telephone Company, Inc. due to the merger, as the company ceased to exist on 12/31/2011.</p>	

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2012</p>
<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	